

State of the State MESSAGE



PRESENTED TO THE
**FORTY-FIRST
LEGISLATIVE ASSEMBLY**

January 7, 1969

by

ORREST H. ANDERSON
GOVERNOR

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GOVERNOR FORREST H. ANDERSON
STATE OF THE STATE MESSAGE

Forty-first Legislative Assembly

January 7, 1969

*Mr. President, Mr. Speaker and
Members of the 41st Legislative Assembly:*

It is a pleasure for me to return to these chambers where I once served as member of the House of Representatives. It is rewarding to recognize many of my good friends with whom I have served during my tenure as legislator, jurist, and Attorney General.

We are, I am sure, inspired and pleased by the masterful lighting effect that has been achieved on the Russell painting that dominates this chamber, and by the major effort that has been made to conserve it. It is entirely right and proper that we honor our past — that we preserve our heritage.

But our principal business here today and for the next sixty days is nothing short of taking steps to save the institution of state government as a viable part of the federal system that has served us so well for nearly two centuries.

It is common knowledge that this system is in serious trouble because the states have, in varying degrees, failed to keep pace with a rapidly changing world. We have circled the moon and we have split the atom; but, we have failed in Montana, and elsewhere, to throw off the shackles imposed by nineteenth century state government organization. We have failed to bring to the job of state government the efficiency which modern technology and advanced thinking make possible.

And—insofar as we have failed to do so—we have failed to deliver to the people of this state and other states—full value for their dollar in government service and the progress which effective government service can contribute.

We have been witnessing the result for decades. Where the states have failed to fully perform their rightful function and duty—the general government has assumed the burden. If this failure is allowed to continue, state government will ultimately disappear as a vital part of our system. I truly believe there is not a man or a woman in this assembly who would welcome such a conclusion.

Thus our challenge is clear: we must recreate, restore and implement the effectiveness of our state government—which was intended by the writers of our federal and state constitutions as the cornerstone of our federal system.

We must accomplish this in at least three principal areas.

We must strengthen and refurbish the legislative process.

We must create, for the first time, a workable executive department.

And we must institute and strengthen state policies adapted to our changing time and the ever-increasing demands of our age.

To achieve these ends, we need first and foremost, cooperation between the legislative and the executive—between the two houses of this body—and between the parties which constitute them. We must work resolutely and diligently to eliminate the partisan bickering which has plagued past sessions.

Our constituents demand no less. Several public opinion surveys taken during the past two years reveal that the principal source of public dissatisfaction with the last session was the failure of cooperation. These same surveys clearly show that the blame is assessed equally on the two parties. If this feature continues to dominate our deliberations, we will be doomed to further distrust and dissatisfaction on the part of those we represent and attempt to serve. We will also be far less effective in both the legislative and executive departments.

The Montana Legislative Council executive reorganization report number seven said, and I quote:

“The main reason for lack of reform is honest disagreement over how governmental efficiency and political responsibility can best be achieved.”

I need not remind you that the same reason prevailed

in 1919. Now, after a lapse of fifty years, it is time we stopped seeking excuses and got on with producing some real results.

In this connection, I would urge the streamlining of your legislative process. I would not presume to lay before this body any specific proposals for achieving this end. But—I would suggest—for a single example, the transmission of all money bills from the House to the Senate prior to the fiftieth day. Failure to do so, it seems to me, will virtually guarantee extension of the session beyond the Constitutional sixty-day limit.

I recommend two major steps for legislative improvement and four steps for increased efficiency in the executive branch, as the first phase of a comprehensive program of state government reorganization:

One . . . I recommend that the Legislative Council be made more effective, and that sufficient funds be appropriated to enable this agency to provide more meaningful information for members of the Legislature.

While a jurist, in the case of Mitchell versus Holmes, I wrote that the purpose of the Montana Legislative Council is to provide for a permanent legislative study and review of the organization and structure of state government in Montana.

In that same case, it was argued that a Legislative Council might abuse powers granted to it.

My answer to that argument was, and I quote:

“If, however, such a possibility was a reason for withholding power, none would ever be granted. None of the powers, the possession of which is sanctioned by our Constitution, nor even those expressly and in terms granted, are free from the theoretical possibilities of abuse.”

Thus, in the Mitchell versus Holmes case of 1953, my approach to legislative trust was apparent. Unfortunately, the majority of the court disagreed with me. In 1957, the court overruled the decision and the Legislative Council was born. But four years of valuable work was lost.

While directing remarks to the Legislative function, I urge every member of this body to seriously consider the

recommendations of the Montana Citizens Committee on the State legislature.

Two . . . I recommend strengthening of the Legislative Post-Audit function. I want you to know I do not consider "meddlesome" the activities of the post-audit. This body is to be commended for the creation of the agency.

We must establish a uniform accounting system and provide for a consolidated financial statement for each fiscal year.

I also recommend that after the post-audit function is well established, an operational—or performance—audit be provided for. In this way, we shall know not only where the tax dollar is going, but we shall also know what those dollars are doing for the people of Montana.

I consider these steps vital to the general program of strengthening and refurbishing the Legislative function.

We must also institute a truly effective executive department. State government has consistently expanded to the extent that today, we have more than 12-thousand employees. State expenditures alone total more than a half-million dollars every day. If we are ever to generate executive direction of this multi-million dollar business, it must be now.

Before I outline my four major recommendations relating to the executive branch, I would urge the Legislature to examine carefully the possibilities of consolidating some of the more than two dozen agencies which deal with agriculture. I believe economies can be effected through elimination of the duplication of effort in this area.

I also urge the Legislature to carefully study the expenditures of the Board of Institutions. I wish to be clearly understood: I am not speaking of the Institutions themselves; but, of the Board which was created in 1962, as a central administrative agency. A brief history of the appropriations to this agency illustrates some of the topsy-like growth of state government.

The initial appropriation for the Board of Institutions was 140-thousand dollars in 1963. In the present biennium, the Board received an appropriation of more than 530-thousand dollars—an increase of 397-thousand dollars or 278 per cent in merely four years. For the coming biennium, this agency has requested more than 840-thousand dollars—

or more than 50 per cent increase. The Board of Institutions now spends more money on administration than do three of the Institutions it was created to administer. It would seem the tail is wagging the dog.

I also recommend the Legislature consider the feasibility of liberalizing our present statutes to permit expanded investment of state funds on a long-term basis. Many other states have authorized such action and have been rewarded with a higher yield from their investments. There is reason to believe Montana may be able to realize millions of dollars in additional money in each biennium from an improved investment program.

These proposals are offered to you as suggestions for improving state government efficiency and realizing maximum use from every tax dollar. I trust you will investigate each of them, and pledge the full assistance of my office in your efforts.

I believe this Legislature recognizes, as I do, the need for a truly effective executive branch in Montana government. Therefore, I submit the following major recommendations which can start us down the road to better fiscal management and improved leadership:

One . . . I recommend upgrading of the office of Controller and the Department of Administration, and that the office of Budget Director be combined with the Department of Administration.

I believe this to be a vital part of the general program to put our financial house in order.

Neither the Legislature nor the Legislative Post-Audit should attempt to become the administrator of the affairs of government. We must have a qualified Controller and a professional staff to implement a uniform accounting system and orderly administrative procedures.

Previous legislation has outlined rigid qualifications for the individual who shall serve as Controller. At the same time, previous Legislatures have designated the salary for this position as a line-item in the budget. Obviously the statute establishing the qualifications of Controller has not been observed.

I believe we must discontinue the practice of making line-items of salaries for professional positions. The members of

the Legislature should consider the position, the demands of the job, and the salary an individual with such qualifications can command elsewhere, and provide sufficient funds in the general appropriation to fill the position adequately.

I firmly believe if you do not upgrade the office of Controller and the Department of Administration, the effectiveness of the expanded function of the Legislative Post-Audit will be greatly reduced. One will not work without the other.

I also recommend that the clerical and administrative duties of the Board of Examiners be combined with the Department of Administration.

Two . . . I recommend additional funds be provided for the Department of Planning and Economic Development. We must make a far more comprehensive effort for the economic development of Montana.

The policies of government guide and shape the economy of every state. A maximum effort to anticipate, plan and set in motion a concerted drive to develop Montana is probably the most urgent need of this biennium.

Development cannot be haphazard. It must be farsighted, coherent and based upon sound and carefully evaluated information. Such a program can begin by capitalizing on Montana's many natural advantages—her natural resources, climate, and her friendly, intelligent population.

In some economic areas, such as the tourist industry, an expanded and serious promotional program could be initiated almost immediately without new studies or fact-gathering efforts. Others, such as the creation of whole new industries based on the products of our minerals, fields and forests may need the most serious long-term study.

While encouraging new development we should also search for the kinds of job-producing operations which will preserve the things we cherish—pure air and water—the space to move and grow—and the freedom to do it in.

Montana is far behind in economic development. Unless we provide for more qualified personnel and an expanded development effort, our position will worsen.

Three . . . The Federal government is big business in Montana. In fiscal 1967—the last year for which complete figures are available—the Federal government spent more than 664-million dollars in this state.

Of this total, about 80-million dollars of federal money was spent through various agencies and divisions of state government.

The expenditure of 80-million dollars a year is truly a big business. Yet there is no way to determine precisely just who is receiving what money and for what purpose. There is no way to determine the relative value of these programs. There is no way to determine the precise amount of attributable costs required from state tax funds to match the various federal programs.

In short, we haven't the vaguest notion of the effect of these programs. We must have this information in order to make the judgments required of us.

Let me illustrate: A federal aid program is approved for a state agency, upon direct application from that agency. Often, the Federal government requires in-kind services, personnel or direct matching funds. While the federal requirements may be a bargain, we must know how much more the in-kind services, personnel or matching funds will increase our general fund expenditures. And, we must discontinue the practice of permitting independent agencies to make direct applications. All applications should be channeled through one department for the purpose of coordination, perspective, and elimination of duplication of services.

I have promised I will make an aggressive effort to secure more federal funds for Montana. I intend to follow through on that promise. But, I wish to declare that I will not encourage federal programs unless I am satisfied the federal money and the necessary state money is being directed to a beneficial use.

To rectify this situation, I urge the Legislature to provide general fund monies to support the office of Federal-State Coordinator, operating out of the Governor's office. This should not be difficult to do. During the past year, more than \$17,000 of general fund money has been borrowed from various agencies to support the office. I request you make the appropriation to this office direct, rather than to rely on indirect financing.

In this way, we can attract qualified individuals to staff the office and begin the process of determining just where we are and where we are going, with regard to federal assistance programs.

Four . . . I recommend you provide additional funds to strengthen the operation of the Governor's office.

The Governor's position is described as that of the "chief executive" of the State. The budget for the office of the chief executive, however, amounts to less than three-tenths of one per cent of the general fund. If we are to adopt a business-like approach to the management of state business, we must adopt the business-like attitude of providing the chief executive with the necessary tools.

I have read several of the most recent State of the State messages delivered to this body. I find little evidence of anyone attempting to strengthen the Governor's office. Throughout these same years, I have heard the governors publicly complain about the limitations on their powers and how little they can do because of these limitations.

I don't wish to complain. I wish to move, and I believe the people of Montana expect me to do just that.

The appropriation provided for operation of the Governor's office is barely sufficient to accomplish the general clerical duties required of it.

In the past, borrowing employees from other independent agencies to work for the Governor's office has been an accepted practice. However, it is a poor practice and should be discontinued. Sufficient funds to employ the necessary technical and professional assistance is a must if we are to put our management house in order.

Assuming adequate staff support is provided, I also recommend that all studies directly relating to the operation of state government be made in close cooperation with the Governor's office and not independent of it.

Send me no more studies unless they are aimed at action!

To recapitulate: My program for the operation of this government consists of the basic approach to the solution of any basic problem:

1. We must find out where we are.
2. We must plan where we go from here.
3. We must devise a system for effective implementation of that plan.

I propose that we discover where we are by improving

the function of the Legislative Interim Committee, the Legislative Post-Audit and the Controller's Office.

On the basis of the facts and data discovered by these agencies, I propose that we set our goals and chart our course to implement them. This is a combined function of the Legislative and Executive branches of the government, assisted by the Department of Planning and Economic Development.

With goals and plans firmly and intelligently fixed, it is the duty of the Executive Department to execute them.

I ask that you provide the tools for a fuller and better informed legislative process. I ask that you provide me with the tools for an effective executive function. Without these tools in our hands, we will surely fail our mutual responsibility. If we fail this responsibility, the headless monster we are grappling with will go beyond our control, engulf us with increasingly heavy demands for money, without commensurate increase in service to the state and the nation.

It is the duty of a Governor to bring to the attention of the people and the Legislature the unfinished business of the State—particularly the unfinished business which affects the quality of life in Montana.

In that spirit, I recommend full funding of the School Foundation program be provided and that adjustments in the schedules be made to assure increased equalization. Attention should be given, also, to fully meeting the requirements of a truly outstanding higher educational system.

I will not presume to direct the members of this body in their determination of the future of the vocational-technical education program in Montana. The need for intensive curriculum in the vocational-technical field is obvious. For too long, we have avoided the difficult decisions which must be made.

However, I would caution that we cannot permit the creation of an educational 'monstrosity' which could result in a seriously weakened vocational-technical education program. Our financial resources cannot realistically support a long list of vo-tech offerings at multiple locations within the State.

Furthermore, I would remind you that intensive cooperation between local, state and federal officials could alleviate

some of the financial burden implicit in the vocational-technical proposals. This area of cooperation should be more thoroughly investigated. Federal officials have expressed their willingness to engage in discussions on this matter.

One of the most significant developments in public administration during the past decade is the growth of collective bargaining in the public service.

Fourteen states now have passed comprehensive legislation dealing with public employees' labor relations. Many other states have dealt with narrow aspects of the matter.

I urge the members of this body to become cognizant of the studies which have been made and the legislation which has been enacted in other states, in order that present laws in Montana may be evaluated and any new laws or policies may be intelligently considered.

Montana is fortunate in having capable and qualified public employees dedicated to providing the best possible services to the State and its citizens. We need to attract even better *qualified* individuals to public service.

As an investment in good government, I recommend you give serious consideration to the proposals to be submitted on behalf of Montana's public employees.

Certainly we must conclude that the Montana Unemployment Compensation Law is inadequate in the area of benefits paid to workers unemployed through no fault of their own. Montana now has the lowest benefit schedule of all fifty states.

Recognizing that both the individual workingman and the business community suffer from the consequences of an inadequate compensation schedule, it should be one of the major responsibilities of this Assembly to provide legislation to remedy the situation.

Many injustices are committed within the State because of the low wages paid for human effort. Often, daily wages amount to little more than an insult to the dignity of the individual trying to make an honest living.

A wide variance in wages paid certainly is not a basis for a sound economy. In fairness to the working individual and members of the business community who endeavor to pay a fair and honest wage, an effective minimum wage measure should be enacted.

Every year, approximately 14,500 workers in our nation are killed on the job. Another 2.2 million workers are injured.

A recent report of the Governor's Conference on Occupational Safety noted that in our State, more than 22-thousand on-the-job accidents are reported every year.

Montana has ranked among the highest states of the Union in the proportion of work injuries.

I urge this Legislature to carefully examine our statutes concerning occupational safety. Furthermore, I recommend the Legislature take the necessary steps to assure vigorous enforcement of existing laws. We cannot continue to permit 10 to 15 per cent of our wage-producing population to suffer on-the-job injuries every year.

The Montana Judiciary has continued to keep abreast of its increased workload—an accomplishment which few other states can boast.

However, during the past year, several groups have recommended judicial salaries be increased.

I believe we must keep the level of compensation for the judiciary commensurate with other states and the private sector. Poor compensation is false economy.

The recognition that the arts are indispensable to the good life finds expression in the surge of activity which has accompanied the establishment of the National Endowment on the Arts and the creation of Arts Councils in all fifty states.

Montana has its Arts Council—an agency which has done much to promote and stimulate the arts in Montana. I urge the Legislature to continue support and interest in this most worthy and beneficial program.

I have great faith in the judgment and maturity of our young people.

Therefore, I recommend that the members of the Legislature give favorable consideration to legislation which would permit our young men and women attaining 19 years of age to participate in the voting process.

The Montana Fish and Game Department program represents a large area of interest to all Montanans.

Improving landowner—sportsman relations is an urgent necessity. Your help is needed to find a solution to this problem.

Ours is the last stronghold of grizzly bear populations in the United States. We need legislation to manage the grizzly.

Landowners need protection from the few indiscriminate vandals who would destroy property and litter the countryside.

Our game herds need additional winter range if they are to survive and continue to be a part of our way of life.

One of Montana's most precious natural resources is an abundance of fresh, clean water.

Downstream states—many of them already facing serious shortages of water—have been hungrily eyeing the unused waters which rise in Montana.

Claims to water for future use involve complex inter-relationships among states and between states and the Federal government. The problem will not be finally solved by legislation, resolutions, or memorials declaring rights to water. The most effective way to establish rights to water is to put it to beneficial use, or to have programs for putting it to beneficial use in the future.

Conservancy districts can be important in this regard by providing our people with the means to participate more actively in the job of putting water to work for the benefit of their community and the State.

In the 40th Legislative Session, water conservancy legislation suffered defeat. I urge you to enact such legislation in this session. Time is running out.

Montana cities and state industries are to be commended for their efforts to curb wastewaters. However, much remains to be done, particularly since adoption of new water quality standards by the State Water Pollution Control Council.

Water is one of our greatest natural resources. We must do everything possible to protect it.

Montana's Water Pollution Control Council has done much with very little. I recommend strong backing and support for this activity.

A serious and growing problem which has occupied much of the attention of this Assembly in past years is air pollution. Implementation of the law passed two years ago is now under way, and I shall do everything in my power to see that it is used effectively.

As our experience in the field grows, it may be necessary to supplement the present law; but this is for the future. The present need at this time is for adequate funds to let us go forward with all possible speed.

I don't believe any responsible member of this body can deny there is a need for assistance for local governments. Owing to a combination of legal limitations, restricted financial and technical resources and geographic considerations, local government capabilities are impaired.

Montana ranks 46th among all states in support of local government.

State government can and must do more. However, such assistance must be achieved within the framework of the Constitution.

I wish it were possible for me to offer specific recommendations concerning the budget requirements in the coming biennium. I did not receive a copy of the proposed budget of the outgoing administration until December 27th.

However, I offer the following observations with regard to the budget proposals you will shortly receive:

You will note the proposed budget calls for general fund expenditures totaling more than 169-million dollars. That figure represents an increase in spending of 34 per cent. I don't believe Montana's citizens can afford a one-third increase in taxes—nor do I believe we can justify this kind of spending until such time as our management house is in order.

The average biennial general fund increase for all states in the Union is approximately 22 per cent. In the 1967 Legislature, Montana's general fund was increased approximately 26 and one-half per cent.

I recommend that the 1969 Legislature authorize increased general fund expenditures consistent with the ability of the people to support such expenditures.

I do not suggest austerity or false economy. I recom-

mend as penetrating an examination of proposed expenditures as the present system and the facts at your disposal will permit.

We cannot accomplish everything that must eventually be done in a single biennium. Nor do we dare risk a delay in meeting essential needs which could only forestall and make more costly a future day of reckoning.

Some projects must await the creation of increased financing ability through the economic development of our state. Some needs must be met now to assure that economic development.

In all this, many decisions must be made, and I am confident that this body is fully qualified to make those decisions wisely and in the best interest of all our people.

Montana's people were heard in the 1968 general election regarding the means of raising additional revenue. No constructive purpose can be served by extended debate on the sales tax issue.

I recommend that the necessary funds to achieve the program I have outlined today be derived from the existing tax structure.

I recommend that you institute a thorough examination of the present tax structure so that there is a fairer distribution of the tax burden. More effective means of tax collection must be considered.

The people of Montana have made their desire clear that this Session be limited to sixty days. We must transact the difficult business of this Session with concentrated effort and cooperation. You are equal to the task—and I pledge my utmost support to you.

I wish you well.

